

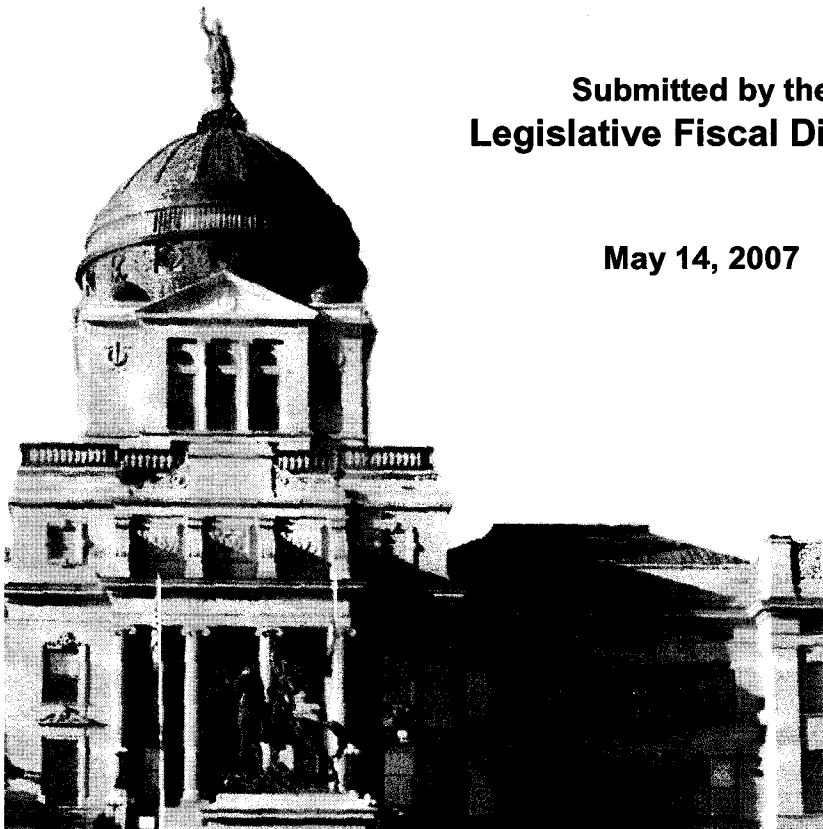


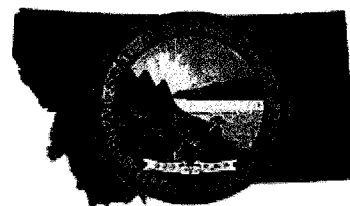
HB2 Overview

Presented to the Sixtieth Legislature

Submitted by the
Legislative Fiscal Division

May 14, 2007





HB 2 SUMMARY

INTRODUCTION

House Bill 2 (HB 2) is the May 2007 Special Session general appropriations bill for the operations of state government for the 2009 biennium, and includes most agency appropriations, with the exception of:

- Statutory appropriations, (e.g., State Fund, debt service, local government distributions)
- Other appropriations bills (cat-and-dog bills)
- Most transfers

LFD COMMENT

This narrative is a much abbreviated version of what the Legislature normally receives in support of the numbers in the biennial budget bill, due to the less than 72 hour notice of the session call, the submission of the executive budget less than 36 hours before the session, and the accelerated schedule of the special session. Staff regrets the lack of detail in this analysis, and will do all we can to assist and provide added information as the session proceeds.

STATE BUDGET SUMMARY

The color graphics included in Figures 1 through 6 provide a summarization of HB 2 through House Committee of the Whole action. The pie charts summarize HB 2 by general program area (agency/function) and by fund type. The bar graphs show the amount of increase in the 2009 biennium budget over the 2007 biennium. Funding for the 2009 biennium in the graphs is as contained in HB 2 only, and does not include other initiatives such as pay proposals and other cat-and-dog appropriation bills. It is further important to note that the bar graph comparisons are on a biennium-to-biennium basis, which is the appropriate (statutorily required) method for comparing increases from biennium to biennium, rather than the method used for budget development (base year only). Thus, the bar graphs should be used for comparison purposes only, and will not tie to the amount of increases reflected in the remainder of this narrative, where increases are measured from the base. As shown in the graphs:

HB 2 appropriations for the 2009 biennium as introduced total:

- \$3.210 billion general fund (page 2)
- \$7.853 billion total funds (page 3)

HB 2 provides for biennial changes of:

- \$591.9 million general fund increase, or 22.6 percent (11.3 percent average per year) (page 3)
- \$987.0 million total funds increase, or 14.4 percent (7.2 percent average per year) (page 4)

INCREASE BY GENERAL PROGRAM AREA

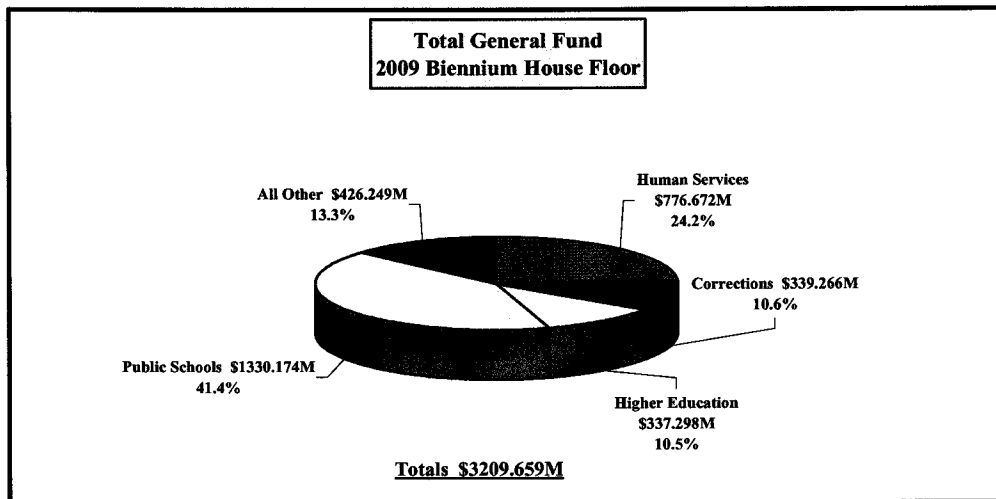
Figure 1 shows the amount and percent of the general fund for major categories:

Budget share:

K-12 and higher education	51.9%
Human services	24.2%
Corrections	10.6%

Together, these categories comprise 86.7 percent of the total HB 2 general fund budget.

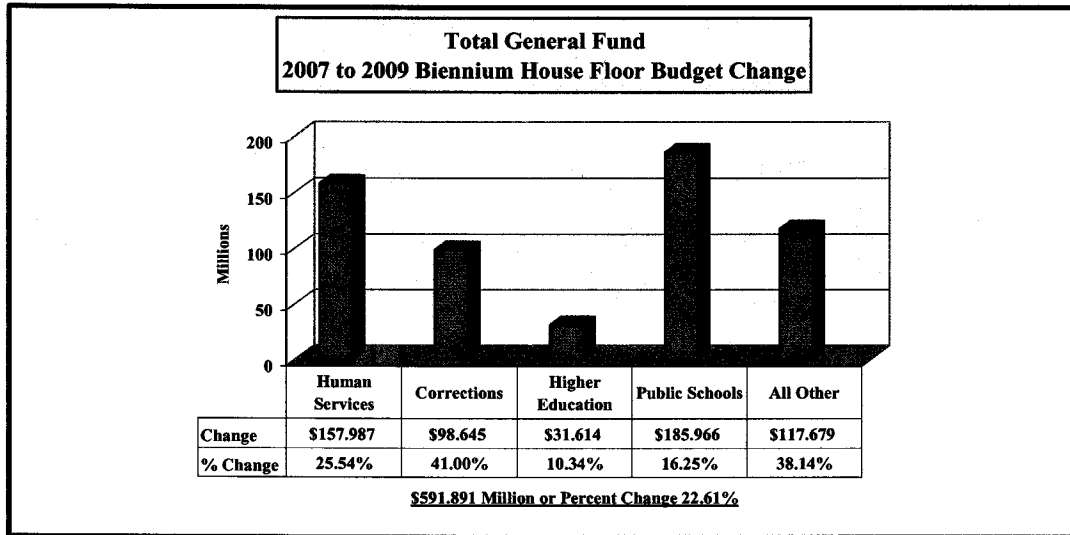
Figure 1



As illustrated in Figure 2, the general fund budget net increase of \$591.9 million is due to the following:

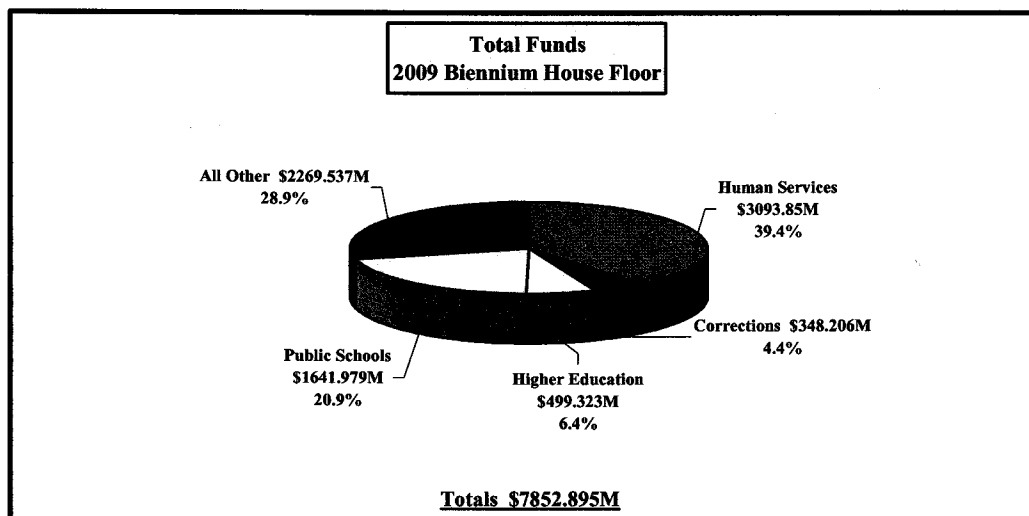
- Human services increases (\$158.0 million) due primarily to changes in the state matching rate for Medicaid, and caseload and services increases (most notably in Medicaid), as well as direct care worker wage and provider rate increases
- Corrections increases (\$98.6 million) are primarily due to use of a 4.5 percent population growth rate for FY 2008 and 6.3 percent in FY 2009 in treatment, secure care, and community services, with meth treatment centers funded to operate at 80 percent of capacity, as well as provider rate increases for secure care and the exemption of 24/7 direct care institutions from vacancy savings
- Higher education increases (\$31.6 million) due to a higher general fund percentage funding to cap tuition costs (College Affordability Program), enrollment increases, additional student assistance, increased funds for community colleges due to a formula change, and other initiatives
- Public schools increases (\$186.0 million) primarily due to annualization of 2005 special session initiatives, statutory inflation adjustments, full-day kindergarten and start-up costs, increases in the quality educator payment, and increases in the GTB ratio for property tax relief (doesn't result in new funds for education)
- All other increases \$117.7 million, primarily due to \$15.9 million in increases for the Department of Revenue for workload and tax compliance issues, annualization of the costs and increased caseload of public defender services from establishment of the Office of the Public Defender (\$24.1 million) in the 2007 biennium, expanded economic development programs, increased funding for wildland fire suppression and equipment, other natural resource agency initiatives, meth grants and other initiatives in the Dept. of Justice, and statewide adjustments

Figure 2



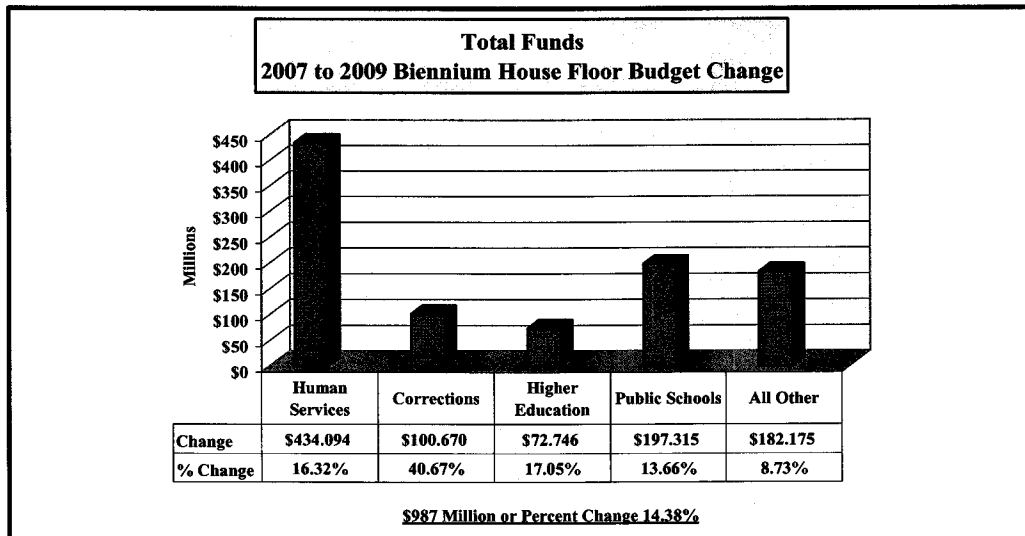
As shown in Figure 3 (Total Funds), the "All Other" and "Human Services" categories comprise a significantly larger share of the pie as compared to the general fund pie chart. This is because a large share of funding for human services, highway construction, and Fish, Wildlife and Parks is from non-general fund sources (state and federal special).

Figure 3



The significant increases in total funds shown in Figure 4 reflect additional state special and federal funding for human services programs as well as for K-12 and higher education and for environmental functions. These increases are described in more detail in the next section.

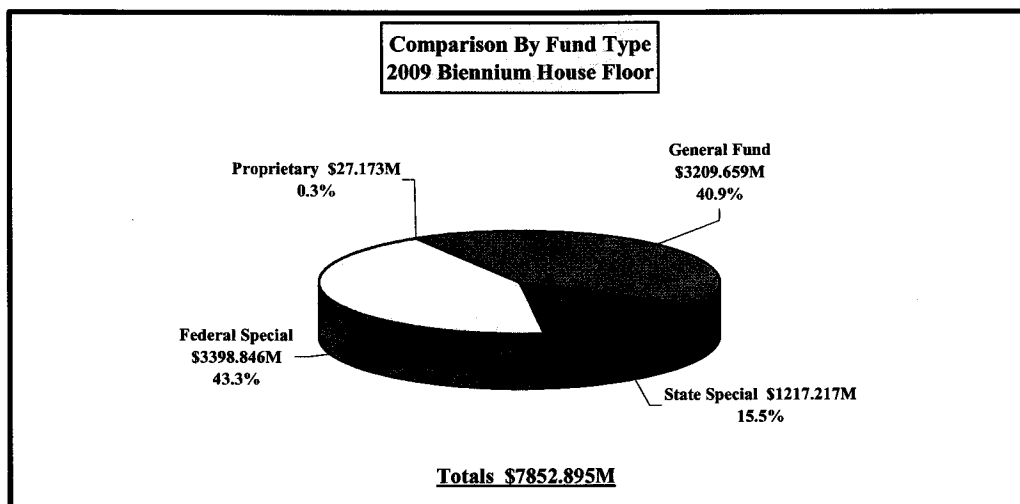
Figure 4



FUNDING SUMMARY

Figure 5 shows how HB 2 is funded. General fund provides 40.9 percent and federal funds provide 43.3 percent of total HB 2 funds.

Figure 5



* Does not include capital project funds.

Figure 6 on the following page shows the following increases in funding:

Federal funds increase \$275.6 million, or 8.8 percent (this is 27.8 percent of the total HB 2 increase).

- Human services accounts for just over \$200 million (73 percent) of the total federal funds increase, including increased caseloads, provider rates and services in a number of programs, most particularly in Medicaid, increased food stamp benefits, and expansion of enrollment of children in CHIP
- Other major increases are due to expansion of the guaranteed student loan program, K-12 for special education and at-risk students, economic and community development, and federal highway funding

State special revenue funds increase \$120 million, or 10.9 percent. This is the net effect of \$178 million in increases, and \$54 million in reductions.

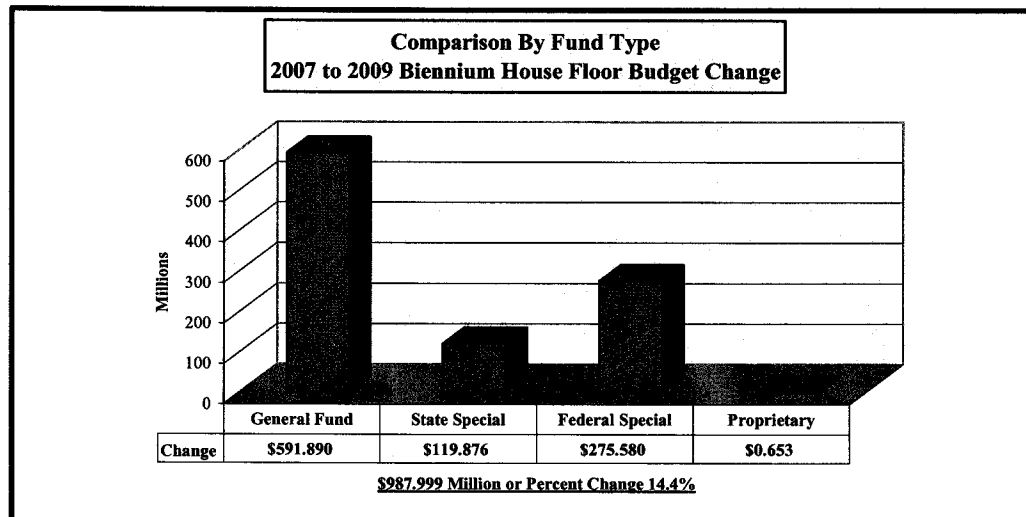
Increases include:

- Increased use of I-149 (tobacco settlement) funds for a variety of human services functions, including Big Sky Rx, CHIP expansion, provider rate increases, and direct care worker wage increases, and annualization of costs associated with the Insure Montana Program (State Auditor's Office)
- Six mill levy increases for the Montana University System
- Information technology expenses and highway patrol wages in the Department of Justice
- Natural resource initiatives, including fire protection activities and equipment purchases

Decreases to state special revenue are predominantly due to efforts to stabilize the highways special revenue account, including reductions in the highways construction and maintenance programs.

General fund increases \$591.9 million, or 22.6 percent, as described in the previous section.

Figure 6



*Does not include capital project funds, \$1.01 million

HOUSE ACTION

Amendments in the House increased general fund for HB 2 by a net \$0.4 million. Figure 7 shows amendments adopted on the House Floor that added a net \$2.1 million. Figure 8 provides a summary of general fund amendments adopted by the House Appropriations Committee, with increases of \$17.7 million, and decreases of \$19.3 million, for a net decrease in general fund appropriations of \$1.7 million. The most significant House adjustments were:

- Reductions of \$14.2 million from the Governor's recommendations for the Department of Revenue, including:
 - Elimination of funding for the tax compliance package included in HB 5 (tax policy)
 - Reductions in funding for increased tax compliance measures
 - Elimination of funding for Free Electronic Filing
 - Reduction in funding for property tax reappraisal functions
 - Funding for IT systems, legal staff, caseload, tax gap analysis
- \$3.0 million to the Office of Public Defender for anticipated caseload (reduced by Governor from session HB 820 amount)
- A net increase in funding for Public Health and Human Services of \$2.3 million, including:
 - Reductions of funding for family planning services (\$1.1 million)
 - Increased funding for community aging services (\$1.5 million)
 - Grants for Tremolite Asbestos Related Diseases (\$1.6 million)
 - Increases to fund provider rate increases and healthcare for healthcare workers (reduced by Governor from session HB 820 amount)
- Increase up-front funding for wildfire suppression from \$6 million to \$10 million
- Reduction of the Manufactured Homes Revolving Loan Fund transfer by \$2.6 million (leaving \$355,000 in the fund, \$102,000 for administrative costs) – Department of Commerce
- A net increase in Corrections of \$2.5 million, with increases for implementation of SB 547 (sex offender treatment) and secure care provider rates, and reductions in community corrections
- An increase in K-12 education to adjust the GTB ratio to comply with SB2 statutory authority
- Increases of \$2.2 million in the Department of Justice, primarily for meth watch and child abuse programs and training
- Elimination of \$1 million general fund for the state wildlife grant program in Fish, Wildlife and Parks

Figure 7

May 2007 Special Session House Committee of the Whole Action - HB 2 General Fund - By Section/Agency		
Section A - General Government		
None		
Section B - Health and Human Services		
DPHHS	Increase funds for direct care worker wage increases (correct error)	\$924,894
DPHHS	Restore funds for Medicaid services that were removed in House Approps	1,322,203
Section C - Natural Resources		
Commerce	Remove funding for legal costs, Capital Investment Board	(150,000)
Section D - Corrections and Public Safety		
None		
Section E - Education		
None		
Net Decrease from Introduced HB2		\$2,097,097

Figure 8

**May 2007 Special Session
House Appropriations Committee Action - HB 2
General Fund - By Section/Agency**

Section A - General Government

Judiciary	Increase Funding for Drug Treatment Courts	1,000,000
Judiciary	Eliminate Funding for Self-Help Law Program	(505,000)
Judiciary	Reduce funding for District Court Safety and Security	(150,000)
Gov. Office	Eliminate funding for 2.0 support staff	(312,306)
Revenue*	Reduce PL 701, Compliance - Legal Staff	(459,652)
Revenue	Reduce PL1011, Fulfill Statutory Responsibilities	(1,255,981)
Revenue	Eliminate funding for tax compliance package in HB 5	(1,195,606)
Revenue	Eliminate funding for NP202, Free Electronic Filing	(5,691,115)
Revenue	Reduce DP7019, Compliance Audit and Collections	(2,201,446)
Revenue	Eliminate funding for tax gap analysis	(393,355)
Revenue	reduce PL8012m - Maintain Parcel Count Caseload	(1,178,026)
Revenue	reduce PL201, Ongoing System Costs, Info technology	(1,500,000)
Revenue	Reduce "Reappraisal - GIS Staff" by 50 percent	(314,530)
Admin	Eliminate NP737, Earthquake Protection Retrofit	(200,000)
Admin	Reduce PL2304, "Maint. Agreement eBenefits Policy Module"	(110,000)
Admin	Make program to lower work comp costs an OTO appropriation	---
Public Def.	Restore funding for caseload increase removed by Governor	3,000,000

Section B - Health and Human Services

DPHHS	Increased funds for community aging services	1,500,000
DPHHS	Eliminate funds for Individual Development Accounts	(400,000)
DPHHS	Eliminate funds for cost increase of contraceptives in family planning	(1,073,046)
DPHHS	Restore several OTO designations removed in Governor's budget	---
DPHHS	Reinstate direct care worker wage increases removed by Governor	721,072
DPHHS	Grants - Tremolite Asbestos Related Diseases, plus admin costs	1,574,928
DPHHS	\$814,00 from Medicaid svcs. to fund Healthcare for Healthcare Wkrs.	---
DPHHS	Replace GF with I-149 funds, reallocate GF to IGT, home based svcs	---
DPHHS	\$507,503 from Medicaid svcs. To fund provider rate increases, SLTCD	---
DPHHS	Reallocate funds to correct provider rate allocations in Gov. budget	---

Section C - Natural Resources

FWP	Increase funding for shooting ranges, license fees SSR, \$733,764	---
FWP	Eliminate funding for state wildlife grant program	(1,000,000)
Livestock	Increase funding for diagnostic lab	282,572
DNRC	Funding for economic analysis of irrigated Agriculture	200,000
DNRC	restore funds for wildfire suppression ongoing	4,000,000
Commerce	Reduce Manufactured Homes Revolving Loan fund (leaves \$354,886)	(2,645,114)

Section D - Corrections and Public Safety

Justice	Train local govts to respond to reports of child sex abuse	500,000
Justice	1.0 FTE child forensic interview specialist	188,006
Justice	Increase Meth watch program to \$2 million	1,000,000
Justice	Remove vacancy savings, Forensic Science Division	487,710
Corrections	SB 547 - sex offender treatment hours	1,852,155
Corrections	Secure care provider rate increase, 3% to 5%	1,145,114
Corrections	Reduce Community Corrections	(487,710)
Corrections	remove "Biennial" designation for Secure Care Facilities	---

Section E - Education

OPI	Revise GTB ratio to comply with SB 2 statutory authority	1,860,000
Higher Ed	Subsidize Ag Experiment Station Recharges assessed by MSU	500,000
Higher Ed	Remove funding for Transferability of Student Data (OTO)	(400,000)

Net Decrease from Introduced HB2 **(1,661,330)**

HB 2 – COMPARISON TO REGULAR SESSION BUDGET BILLS

The Governor's special session budget proposal, HB 2 as introduced, was lower than the regular session budget bills (Senate 3rd reading copy) by a net \$37.1 million general fund before K-12 tax policy adjustments, and a net \$11.6 million lower after the tax policy adjustments. Figure 9 shows the differences by agency. A more detailed summary of the differences for general fund and other funds is provided in the agency narratives in the next section of this document. The more significant general fund adjustments are listed below.

Reductions:

- \$11.9 million reduction in DPHHS, primarily related to reductions in provider and direct care worker wage increases, elimination of Healthcare for Healthcare workers, and reductions in mental health services expansions
- Over \$9.9 million in reductions due to elimination of contingency appropriations for bills that died in regular session or for other reasons
- \$4.0 million reduction in up-front support for annual wildfire suppression (may result in supplemental)
- \$1.8 million net reductions in Dept. of Revenue related to tax compliance and other initiatives
- \$3.5 million reduction in Office of Public Defender for anticipated caseload increase
- \$1.8 million reduction in Dept. Justice for various initiatives, including the Meth Watch program
- \$5.7 million reduction in Corrections related to lowered prison population projections, funding meth beds at 80 percent of capacity, and lower provider rate increases

Increases:

- \$3.6 million to Commerce for manufactured home revolving loan fund & energy infrastructure program
- \$25.2 million to K-12 education for tax policy adjustments (GTB Ratio, Class 8 property tax reduction)

Figure 9
Executive 2009 Biennium Special Session Budget Proposal
Differences from Regular Session Budget Bills (Senate 3rd Reading)
General Fund - By Section/Agency

Section A - General Government	
Legislative Branch	(\$200,000)
Judiciary	(1,076,884)
Governor's Office	312,306
Comm. Political Practices	0
State Auditor's Office	0
Transportation	0
Revenue	(1,807,450)
Administration	(725,000)
MT Consensus Council	0
Office of Public Defender	(3,015,000)
Section B - Health/Human Services	
DPHHS	(11,926,286)
Section C - Natural Resources	
Fish, Wildlife, Parks	0
Environmental Quality	(65,350)
Livestock	(282,572)
DNRC	(4,825,964)
Agriculture	(972,307)
Commerce	3,660,000
Section D - Corrections/Public Safety	
Board of Crime Control	0
Justice	(6,620,331)
Corrections	(7,286,471)
Labor and Industry	0
Military Affairs	(20,000)
Section E - Education/Cultural Ed	
Commissioner of Higher Education	399,600
School for Deaf and Blind	(229,557)
MT Arts Council	(161,416)
MT State Library	0
MT Historical Society	(120,000)
Office of Public Instruction (Other than tax policy adjustments)	(2,167,701)
Net Reduction in General Fund before K-12 Tax Policy Adjustments	(\$37,130,383)
Office of Public Instruction - Tax Policy Adjustments (GTB Ratio, Class 8 Prop. Tax)	25,522,391
Net Reduction in General Fund Appropriations	(\$11,607,992)

BUDGET BILLS – COMPARISON TO BASE

Figure 10 provides a general fund summary of HB 2. Status is shown by agency, for general fund only, as compared to the 2006 base year. A comparison is made to the 2006 base because this is the base from which the legislature determines budgets in the 2009 biennium. Please note, however, that this base-year-only comparison overstates changes from the total 2007 biennium. Biennium to biennium is the statutorily required method for legislative comparisons (see the narrative and graphs on pages 1 through 5 for a biennial comparison).

Figure 10

House Floor Budget Compared to the Base General Fund				
House Bill/Sub-Committee	Agency	Base Times 2	House Budget 2009 Biennium	Change
01 General Government & Transportation		\$175,256,592	\$240,188,778	\$64,932,186
	1104 Legislative Branch	15,460,034	19,997,691	4,537,657
	2110 Judicial Branch	74,820,864	66,953,901	(7,866,963)
	3101 Governor'S Office	10,089,148	11,952,703	1,863,555
	3202 Commissioner Of Political Practices	596,862	1,165,583	568,721
	3401 State Auditor'S Office		5,000	5,000
	5401 Department Of Transportation		3,005,000	3,005,000
	5801 Department Of Revenue	65,433,772	83,599,711	18,165,939
	6101 Department Of Administration	7,290,942	14,624,101	7,333,159
	6102 Appellate Defender	-	-	-
	6106 Mt Consensus Council	138,082	157,139	19,057
	6108 Office Of The Public Defender	1,426,888	38,727,949	37,301,061
02 Health & Human Services	6901 Dept Of Public Health & Human Services	615,753,228	776,672,210	160,918,982
03 Natural Resources & Commerce		50,066,938	90,846,609	40,779,671
	5201 Department Of Fish, Wildlife & Parks		380,000	380,000
	5301 Department Of Environmental Quality	7,561,682	14,277,697	6,716,015
	5603 Department Of Livestock	1,145,330	2,436,939	1,291,609
	5706 Dept Of Natural Resources & Conservati	36,281,050	53,849,686	17,568,636
	6201 Department Of Agriculture	1,157,252	1,732,256	575,004
	6501 Department Of Commerce	3,921,624	18,170,031	14,248,407
04 Corrections & Public Safety		312,882,196	412,370,314	99,488,118
	4107 Crime Control Division	3,444,262	4,468,651	1,024,389
	4110 Department Of Justice	42,388,694	53,607,587	11,218,893
	6401 Department Of Corrections	254,476,676	339,266,268	84,789,592
	6602 Department Of Labor & Industry	3,247,828	4,350,259	1,102,431
	6701 Department Of Military Affairs	9,324,736	10,677,549	1,352,813
05 Education		1,379,369,156	1,689,581,179	310,212,023
	3501 Office Of Public Instruction	1,063,364,968	1,330,173,844	266,808,876
	5101 Board Of Public Education	335,364	417,175	81,811
	5102 Commissioner Of Higher Education	298,153,660	337,298,001	39,144,341
	5113 School For The Deaf & Blind	9,350,772	10,925,844	1,575,072
	5114 Montana Arts Council	799,952	981,505	181,553
	5115 Montana State Library	3,343,574	4,723,634	1,380,060
	5117 Montana Historical Society	4,020,866	5,061,176	1,040,310
Grand Total		\$2,533,328,110	\$3,209,659,090	\$676,330,980

As shown in Figure 10, the total general fund increase over the base year is \$676.3 million, which includes \$370.7 million present law adjustments and \$305.6 million new proposals.

The most significant general fund increases over the base budget are summarized as follows:

- DPHHS increases of \$160.9 million for Medicaid matching rate, caseloads and service changes, and institutional facility costs (new FTE, overtime, utilities, provider rates, etc.)
- K-12 education increases of \$266.8 million, reflecting
 - Present law increases of \$111.9 million for base aid annualization of 2005 special session initiatives, special education and other local distribution changes
 - Local distribution new proposals of \$143.7 million for full-time kindergarten (\$26.6 million) and start-up costs (\$10 million), an increase in the quality educator payment (\$26.4 million), diversion of royalties to a facilities trust account (\$40.8 million), Guaranteed Tax Base increases and reimbursements for property tax relief (\$27.4 million), and increases for Indian Education for All, the Gifted and Talented program, special education, school facility payments, and adult education
 - OPI state level activity increases of \$9.4 million, including a K-12 education data system and Indian Education for All
- Corrections increases of \$84.8 million for expanding prison population, increased prisoner per diem rates, and additional probation and parole officers
- Montana University System increases of \$39.1 million for enrollments, student assistance program increases, increased general fund support to cap tuition increases (College Affordability Program), and an increase in the state share percentage for community colleges
- Annualization of costs and increased caseloads for the Office of the Public Defender at \$34.3 million, started in the 2007 biennium
- Department of Revenue increases of \$18.2 million for FTE expansions that include increased compliance and reappraisal activity, information technology systems maintenance costs, and other initiatives
- Natural resources program initiatives of over \$26 million, including funding for wildfire suppression initial attack initiatives
- New initiatives in the Department of Justice (\$11.2 million), including meth prevention and treatment programs, and child abuse programs and training
- Statewide present law adjustments for fixed costs and personal services (including annualization of the 2007 biennium pay plan and broadbanding initiatives)
- Computer systems updates/completion/replacements

HB 2 proposals are further summarized in the following sections, comparing the proposals to the original regular session executive budget and to present law.

COMPARISON TO THE EXECUTIVE

Figure 11 compares HB 2 general fund appropriations to the executive special session general fund recommendations. As shown in Figure 11, HB 2 through House Committee of the Whole action is \$0.4 million general fund above the executive HB 2 budget. The increase over the original executive regular session budget is \$35.1 million. This includes \$27.4 million in K-12 tax policy adjustments (GTB ratio, Section 8 property tax reimbursement). Excluding the tax policy adjustments, the net increase over the regular session Governor's budget is \$7.7 million.

Figure 11

House Floor Budget Compared to the Revised Executive Budget General Fund				
House Bill/Sub-Committee	Agency	Rev. Exec. Budget 2009 Biennium	House Budget 2009 Biennium	Change
01 General Government & Transportation		\$251,655,795	\$240,188,778	(\$11,467,017)
	1104 Legislative Branch	19,997,691	19,997,691	-
	2110 Judicial Branch	66,608,901	66,953,901	345,000
	3101 Governor'S Office	12,265,009	11,952,703	(312,306)
	3202 Commissioner Of Political Practices	1,165,583	1,165,583	-
	3401 State Auditor'S Office	5,000	5,000	-
	5401 Department Of Transportation	3,005,000	3,005,000	-
	5801 Department Of Revenue	97,789,422	83,599,711	(14,189,711)
	6101 Department Of Administration	14,934,101	14,624,101	(310,000)
	6102 Appellate Defender	-	-	-
	6106 Mt Consensus Council	157,139	157,139	-
	6108 Office Of The Public Defender	35,727,949	38,727,949	3,000,000
02 Health & Human Services	6901 Dept Of Public Health & Human Services	772,102,159	776,672,210	4,570,051
03 Natural Resources & Commerce		90,159,151	90,846,609	687,458
	5201 Department Of Fish, Wildlife & Parks	1,380,000	380,000	(1,000,000)
	5301 Department Of Environmental Quality	14,277,697	14,277,697	-
	5603 Department Of Livestock	2,154,367	2,436,939	282,572
	5706 Dept Of Natural Resources & Conservati	49,649,686	53,849,686	4,200,000
	6201 Department Of Agriculture	1,732,256	1,732,256	-
	6501 Department Of Commerce	20,965,145	18,170,031	(2,795,114)
04 Corrections & Public Safety		407,685,039	412,370,314	4,685,275
	4107 Crime Control Division	4,468,651	4,468,651	-
	4110 Department Of Justice	51,431,871	53,607,587	2,175,716
	6401 Department Of Corrections	336,756,709	339,266,268	2,509,559
	6602 Department Of Labor & Industry	4,350,259	4,350,259	-
	6701 Department Of Military Affairs	10,677,549	10,677,549	-
05 Education		1,687,621,179	1,689,581,179	1,960,000
	3501 Office Of Public Instruction	1,328,313,844	1,330,173,844	1,860,000
	5101 Board Of Public Education	417,175	417,175	-
	5102 Commissioner Of Higher Education	337,198,001	337,298,001	100,000
	5113 School For The Deaf & Blind	10,925,844	10,925,844	-
	5114 Montana Arts Council	981,505	981,505	-
	5115 Montana State Library	4,723,634	4,723,634	-
	5117 Montana Historical Society	5,061,176	5,061,176	-
Grand Total		\$3,209,223,323	\$3,209,659,090	\$435,767

The discussion on page 6 and Figures 7 and 8 explain the differences between the executive special session budget and the current HB2 as shown in Figure 11.

To provide a frame of reference to the original regular session executive budget the current HB 2 is \$35.1 million above the original executive proposal. The largest general fund differences between the original regular session executive budget and the current HB 2 occur in the following areas:

- The Office of Public Instruction (\$45.5 million above) is primarily due to the addition of one-time only money for full-time kindergarten start-up costs (\$10.0 million, Indian Education for All (\$4.2 million), the Gifted and Talented Program (\$2.0 million), and Guaranteed Tax Base increases and reimbursements for property tax relief (\$27.4 million – this is not new money for education).
- The Department of Public Health and Human Services (\$7.4 million higher) is the net of substantial increases over the original executive budget (attributable to provider rate increases that include direct care worker wages, changes to mental health programs, and Medicaid expansion), as compared to partially offsetting reductions from original executive proposals (driven by savings in Medicaid and foster care and elimination of the STEP program).
- The Department of Corrections (\$1.6 million below) is the net of several differences from the original executive proposal, including a change in assumptions on the rate of increase in population growth. In general, the executive special session bill assumes a population growth rate of 4.5 percent in FY 2008 and 6.3 percent in FY 2009, while the original executive budget estimated a higher overall rate of increase of about 7.5 percent each year for the same time period. This and other minor reductions are partially offset by higher secure care provider rate increases and exempting 24/7 facilities direct care staff from vacancy savings.
- The Department of Revenue (\$17.7 million lower) is primarily due to non-approval of additional FTE for various initiatives.

COMPARISON TO PRESENT LAW AND NEW PROPOSALS

Figure 12 provides a general fund summary, by agency, of the executive budget special session recommendation and HB 2 as compared to the cost of continuing the present law level of operations and services. The first column shows the present law budget contained in HB 2, \$2.904 billion. The second column shows HB 2 through House Committee of the Whole action, \$3.210 billion. The third column shows the executive special session executive proposal, \$3.209 billion. The "Revised (Executive) over/(under) House" column shows that HB 2 is \$0.4 million above the executive budget. The "Revised Executive New Proposals" column shows that the Governor's budget included \$301.4 million of new proposals. And as shown in the column "House New Proposals", HB 2 new proposals are \$305.6 million.

Figure 12

General Fund Budget Information By Agency						
Agcy Code	Agency Name	Present Law Budget 2009 Biennium	House Budget 2009 Biennium	Rev. Exec. Budget 2009 Biennium	Revised Over/Under House	House Rev. Exec. New Proposals
1104	Legislative Branch	\$18,621,678	\$19,997,691	\$19,997,691	\$0	\$1,376,013
2110	Judicial Branch	64,036,060	66,953,901	66,608,901	345,000	2,917,841
3101	Governor's Office	11,807,217	11,952,703	12,265,009	(312,306)	145,486
3202	Comm Of Political Practices	691,919	1,165,583	1,165,583	-	473,664
3401	State Auditor's Office	-	5,000	5,000	-	5,000
3501	Office Of Public Instruction	1,177,613,289	1,330,173,844	1,328,313,844	1,860,000	152,560,555
4107	Crime Control Division	4,388,581	4,468,651	4,468,651	-	80,070
4110	Department Of Justice	48,521,800	53,607,587	51,431,871	2,175,716	5,085,787
5101	Board Of Public Education	411,100	417,175	417,175	-	6,075
5102	Commissioner Of Higher Education	297,938,352	337,298,001	337,198,001	100,000	39,359,649
5113	School For The Deaf & Blind	9,687,165	10,925,844	10,925,844	-	1,238,679
5114	Montana Arts Council	865,085	981,505	981,505	-	116,420
5115	Montana State Library	4,443,634	4,723,634	4,723,634	-	280,000
5117	Montana Historical Society	4,663,570	5,061,176	5,061,176	-	397,606
5201	Department Of Fish, Wildlife & Parks	-	380,000	1,380,000	(1,000,000)	380,000
5301	Department Of Environmental Quality	13,346,788	14,277,697	14,277,697	-	930,909
5401	Department Of Transportation	-	3,005,000	3,005,000	-	3,005,000
5603	Department Of Livestock	1,311,932	2,436,939	2,154,367	282,572	1,125,007
5706	Dept Of Natural Resources & Conservation	40,526,451	53,849,686	49,649,686	4,200,000	13,323,235
5801	Department Of Revenue	82,864,530	83,599,711	97,789,422	(14,189,711)	735,181
6101	Department Of Administration	12,502,100	14,624,101	14,934,101	(310,000)	2,122,001
6102	Appellate Defender	-	-	-	-	-
6106	Mt Consensus Council	152,139	157,139	157,139	-	5,000
6108	Office Of The Public Defender	38,294,749	38,727,949	35,727,949	3,000,000	433,200
6201	Department Of Agriculture	1,328,460	1,732,256	1,732,256	-	403,796
6401	Department Of Corrections	328,101,245	339,266,268	336,756,709	2,509,559	11,165,023
6501	Department Of Commerce	14,547,296	18,170,031	20,965,145	(2,795,114)	3,622,735
6602	Department Of Labor & Industry	3,950,259	4,350,259	4,350,259	-	400,000
6701	Department Of Military Affairs	9,918,718	10,677,549	10,677,549	-	758,831
6901	Dept Of Public Health & Human Services	713,535,679	776,672,210	772,102,159	4,570,051	63,136,531
Total		\$2,904,069,796	\$3,209,659,090	\$3,209,223,323	\$435,767	\$305,589,294
						\$301,423,345